INCOMING TELEGRAM Department of State

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Info SS SP SC L H EUR P USIA NSC INR CIA NSA DOD CAB COM DOT FAA RSR

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FP RUEHC
DE RUFHRO 6117/1 1380700
ZNY CCCCC
P 190630Z MAY 67
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC PRIORITY
INFO RUFNCR/AMEMBASSY PARIS PRIORITY
RUFUCR/AMEMBASSY SOFIA
STATE GRNC
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1967 MAY 19
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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY _____ DATE 25 MAY 1982
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TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
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RELEASE DENIED☐
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C O N F I D E N T I A L SECTION 1 OF 2 ROME 6117

TO BOLSTER FROM LOY

SOFIA FOR SOLOMON

CIVAIR

REF: ROME 6067

1. IN MAY 18 SESSION BEGINNING AT 1700 ITALIAN DEL IN EFFECT REJECTED US PROPOSAL TABLED MAY 17 (SEE REFTEL) CALLING IT DECEPTIVE, ILLUSORY AND ANTICLIMACTIC. IN LENGTHY OPENING REMARKS CAPOMAZZA REITERATED ITALIAN DESIRE FOR RECIPROCITY BOTH IN TRAFFIC BETWEEN TWO COUNTRIES, ON BEYOND "FANNING OUT" ROUTES, AND ON RTW ROUTE. HE THEN RESTATED USG MAY 17 PROPOSAL AND DECLARED IT UNACCEPTABLE BECAUSE AFRICA AND AUSTRIALIA STILL IN FOR US, AND BECAUSE IN EFFECT ITALS WOULD ONLY GET NEW

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LOS ANGELES POINT SINCE TRANSPACIFIC COULD NOT BE OPERATED FOR SEVERAL YEARS. IN INDICATING DOMESTIC POLITICAL PROBLEMS, ITALDEL SAID PARLIAMENT AND PUBLIC OPINION WOULD EXPECT BIGGER RESULTS THAN MAY 17 OFFER.

2. CAPOMAZZA (IN TOTAL BREACH OF CONFIDENCE) THAN REFERRED TO INFORMAL TALKS OF LAST WEEK AND TO HIS WRITTEN REPLY TO THE USDEL "PROPOSAL OF MAY 8" (SEE ROME 5983). AFTER OUTLINING ROUTES USDEL HAD INFORMALLY EXPLORED, HE ALLEGED USDEL HAD "CONFIRMED" THAT USG READY RENOUNCE AFRICA AND AUSTRALIA ROUTES. HE THEN CRITICIZED USDEL FOR TACTICS OF SUGGESTING FIRST ONE PACKAGE AND THEN JUMPING TO A COMPLETELY DIFFERENT PACKAGE, AND URGED NEGOTIATIONS FOLLOW MORE RATIONAL STEP BY STEP APPROACH. HE PROPOSED NEGOTIATIONS PROCEED ON BASIS

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USDEL "PROPOSAL" OF MAY 8 AND CAPOMAZZA'S WRITTEN REPLY OF MAY 12. (EFFECT OF THIS IS TO REPEAT REQUEST FOR MIAMI; ATLANTA, DALLAS, BEYOND ATLANTA TO MEXICO, AND BEYOND MIAMI TO PANAMA, IN ADDITION TO RTW VIA LAX AND TOKYO.)

3. USDEL MADE CLEAR IN REPLY THAT INFORMAL TALKS WERE EXPLORATORY AND NO RPT NO PROPOSAL WAS MADE. ALSO POINTED OUT THAT STATEMENT THAT AFRICA AND AUSTRALIA ROUTES MIGHT BE OMITTED UNDER CERTAIN

ROUTE PACKAGES DID NOT AT ALL MEAN USG RENOUNCING SUCH ROUTES, PARTICULARLY IN CONTEXT ITALIAN ROUTES BEING CONSIDERED. USDEL EXPLAINED USG PROPOSAL OF MAY 17 MADE BECAUSE WE UNDERSTOOD ITALDEL HAD REJECTED IDEAS SUGGESTED BY US INFORMALLY AND HAD SAID THAT RTW WAS FIRST PRIORITY FOR ITALY. (CAPOMAZZA INTERJECTED THAT THAT WAS CORRECT.) USDEL POINTED OUT THAT NEED FOR TIME BEFORE NEW ROUTE COULD BE OPERATED IS NORMAL THING AND NOT RELEVANT IN ASSESSING ROUTE PACKAGE.

4. ITALDEL SAID THAT, AT THIS CRITICAL STAGE IN NEGOTIATIONS, HE WOULD NOT SPEAK IN DETAIL ON SECRETARY RUSK'S CONVERSATION WITH ITAL AMBASSADOR WHICH GAVE POLITICAL IMPORTANCE TO TALKS. SAID HE AND GOI SHARED SECRETARY'S VIEWS ON POLITICAL IMPORTANCE. USDEL STRESSED THAT POLITICAL CONSIDERATIONS WERE TAKEN INTO ACCOUNT IN DEVELOPMENT OF US ROUTE OFFER. NOTED HOWEVER THAT SECRETARY HAD ALSO SAID THAT NEGOTIATIONS WERE ON COMMERCIAL PROBLEM; ACCORDINGLY USDEL SAID THERE ARE LIMITS ON EXTENT TO WHICH USG CAN GO IN MEETING ITALIAN ROUTE DEMANDS. USG CANNOT WITHOUT REASON ADD TO VALUE OF ITALIAN ROUTES AND CONCURRENTLY DELETE AMERICAN ROUTE OPPORTUNITIES WHEN AGREEMENT ALREADY UNBALANCED IN ITALIAN FAVOR. USDEL REPEATED THAT IF ITALIANS WANT TO

PROPOSED DIFFERENT PACKAGE WITHOUT RTW, WE WILL CONSIDER IT.

5. IN ENSUING DISCUSSION WITH ITALIANS REPEATING MANY ARGUMENTS MADE EARLIER SESSIONS, ITALDEL CONTINUED INSIST ON NEED TO "STRUCTURIZE" US ROUTES AND TO HAVE AGREEMENT THAT IS BALANCED WITH RESPECT TO NUMBER OF POINTS SERVED. USDEL SUGGESTED IN REPLY THAT ITALIANS SHOULD SAY WHETHER THEY HAVE TROUBLE WITH ANY PARTICULAR POINTS BEYOND ITALY FOR US (OTHER THAN TWO ROUTES ISCUSSED), AND THAT THESE COULD THEN BE DISCUSSED.

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6. COMMENT: UP T HIS POINT USDEL'S PRINCIPAL CONCERN HAD BEEN TO STATE IN NGEST AND BLUNTEST TERMS POSSIBLE THAT OUR OFFER OF YES AY WAS LIMIT OF US ABILITY TO GRANT ROUTES TO ITALY. ITALIAN RESPONSE WAS NEGATIVE AND STRICTLY DEVOTED TO RESTATEMENT OF PREVIOUS EXTENSIVE ITALIAN ROUTE DESIRES.

7. CAPOMAZZA EXPRESSED FRUSTRATION WITH DIALOGUE TO DATE AND SUGGESTED THAT, SINCE AGREEMENT ON EXCHANGE OF BEYOND POINTS HAD NOT BEEN REACHED, PERHAPS THE TWO SIDES SHOULD CONCLUDE WHAT HE DESCRIBED AS A "THIRD AND FOURTH FREEDOM AGREEMENT" ON BASIS OF "FULL RECIPROCITY." QUESTIONED BY USDEL AS TO MEANING OF HIS PROPOSAL, HE EXPLAINED THAT EACH COUNTRY'S AIRLINES SHOULD

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PROVIDE SERVICES FROM SPECIFIC POINTS IN ITS TERRITORY TO SPECIFIC POINTS IN THE OTHER COUNTRY (THE SPECIFICITY OF POINTS SPELLED OUT, HE SAID, AS IN THE US-UK AGREEMENT.) USDEL COMMENTED THAT SUCH A PROPOSAL DID NOT SEEM TO BE IN BEST INTEREST OF THE TRAVELLING PUBLIC. ITALDEL SAID THAT AGREEMENT COULD ALSO INCLUDE INTERMEDIATE POINTS, THAT THIS WAS A MATTER FOR DISCUSSION. USDEL THEN ASKED WHETHER BERMUDA CAPACITY PRINCIPLES AND MULTIPLE DESIGNATION WOULD BE IN AN AGREEMENT SUCH AS CAPOMAZZA PROPOSED. HE ANSWERED THAT IT WAS DEPENDENT ON THE ROUTES EXCHANGED.

8. USDEL ASKED WHETHER FOREGOING SUGGESTIONS CONSTITUTED FIRM PROPOSAL THAT GOI WOULD LIKE TO HAVE USG CONSIDER. REPLY UNCLEAR. CAPOMAZZA THEN ASKED WHETHER USDEL CONSIDERED IT LIKELY USG COULD ACCEPT SUCH A PROPOSAL. USDEL REPLIED THAT DOUBTED VERY MUCH USG WOULD MAKE AN AGREEMENT WITHOUT INCLUDING US POSITION ON BERMUDA AND MULTIPLE DESIGNATION BUT SUGGESTED THAT WITH INCLUSION OF THOSE PRINCIPLES USG WOULD HAVE TO CONSIDER ANY ROUTE PROPOSAL. CAPOMAZZA REPLIED HE WAS NOT THINKING ABOUT PREDETERMINATION. HE REITERATED THAT AGREEMENT SHOULD BE REACHED FIRST ON POINTS AND ROUTES BEFORE TAKING UP MATTERS OF PRINCIPLE.

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9. USDEL SAID NOT IN POSITION REACT FURTHER TO OFFER. NEXT MEETING SCHEDULED TOMORROW AT WHICH WE EXPECT ITALDEL TO DESCRIBE THIS PROPOSAL FURTHER.
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P 190630Z MAY 67
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC PRIORITY
INFOR RUFNCR/AMEMBASSY PARIS PRIORITY
RUFUCR/AMEMBASSY SOFIA
STATE GRNC
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C O N F I D E N T I A L SECTION 2 OF 2 ROME 6117

TO BOLSTER FROM LOY

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REF: ROME 6067

10. COMMENT: AS WE SEE IT, OFFER COULD HAVE BEEN MADE FOR EITHER (OR BOTH) OF TWO REASONS: A) REAL DESIRE TO OPERATE UNDER SUCH TERMS, ON THEORY THAT THIS WOULD BE ACCEPTABLE INTERIM SOLUTION AND WOULD SET UP PRINCIPLE OF RECIPROCITY OF POINTS FOR LONG TERM; OR B) DESIRE TO UNDERLINE THAT VALUE TO US OF OUR SERVICES BEYOND ROME IS CONSIDERABLY GREATER THAN DOLLAR VALUE DERIVED FROM SUCH SERVICES BY US CARRIERS, AND THUS ESTABLISH BASIS FOR GETTING MORE ROUTE RIGHTS FOR ITALY. IN EITHER EVENT, AND SPECIFICALLY IN VIEW OF CARRIER COMMENT (SEE NEXT PARA), WE INTEND TO TRY TO LEAD ITALDEL AWAY FROM PROPOSAL AND, IF SERIOUSLY PURSUED BY THEM, REJECT IT.

11. CARRIER COMMENT: AT CARRIER BRIEFING AFTER SESSION, PANAM, TWA, AND RSABOARD REPS EXPRESSED STRONGEST OPPOSITION TO PROPOSAL. THEY WERE OF UNANIMOUS OPINION THAT ACCEPTANCE OF PROPOSAL WOULD BE RETROGRADE STEP IN INTERNATIONAL CIVIL AIR POLICY. ITALY WOULD HAVE FAVORED POSITION AND, IF INTERMEDIATE POINTS SUBSEQUENTLY ADDED, WOULD HAVE RIGHTS PRESENTLY ENJOYED WHILE US CARRIERS DENIED MARKET BEYOND ROME. PROPOSAL WOULD ESTABLISH PRECEDENT WHICH COULD LEAD TO DENUNCIATION BY OTHER KEY COUNTRIES, UNDERMINING ENTIRE US INTERNATIONAL CIVIL AIR NETWORK. ATA OBSERVER IS OF OPINION THAT OTHER MAJOR US LONG-HAUL INTERNATIONAL CARRIERS WOULD CONCUR.

GP-3. REINHARDT

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